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## Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies Holds Hearing on the Fiscal Year 2010 Budget Request for the Agencies Under Its Jurisdiction

### LIST OF PANEL MEMBERS AND WITNESSES

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JOHNSON:

This hearing will come to order.

I welcome everyone to today's hearing.

We are here to discuss the fiscal year 2010 budget request for military construction and family housing.

We will hear from two panels of witnesses, representing the Army and the Air Force and the Reserve components.

The first panel will be the Army.

Our procedure is to have opening statements by the chairman and ranking member, followed by an opening statement from our witnesses.

In addition to the oral statement, all prepared statements from our witnesses will be entered into the record.

I request that our members limit their questions to six-minute rounds.

Secretary Hansen, Secretary Calcara, General Boozer, General Carpenter, and General Klaus, thank you for coming today. We look forward to your testimony.

The Army's F.Y. 2010 budget request for active and reserve military construction and family housing is \$5.25 billion, which is a 41 percent decrease from the F.Y. 2009 enacted level.

The active component is down 24 percent from the F.Y. '09 enacted level and the Army Guard is down 54 percent. Only the Army Reserve has shown an increase.

I hope that you will address this trend and the reasons for it in your opening statement.

I'm also interested in what impact the decision to reduce the Army's brigade combat team structure from 48 to 45 BCTs will have on military construction, in particular, on the (inaudible) of armored forces in Europe and the global posture-structure overall.

The Army continues to face a number of budget pressures due to wars in Iraq and Afghanistan, the execution of the BRAC program, and the growth-of-force initiative.

It is very important that adequate resources are available for the military construction projects needed to support these efforts, and I look forward to your assessment of the F.Y. '10 budget request.

I now turn to my ranking member, Senator Hutchison, for her opening remarks.

HUTCHISON:

Thank you. Thank you very much, Mr. Chairman.

I appreciate your holding the hearing, and I thank all of the witnesses for coming and sharing the priorities that you have with us.

The F.Y. 2010 budget request contains \$7.5 billion for implementing BRAC construction. That's a 15 percent decrease from the F.Y. 2009 level.

I understand that there's a request for \$1.4 billion for overseas contingency operations that will be handled separately. So while we don't have all of your justifications yet for that, we'll have to decide how that goes into this bill.

But I hope today's discussions with the Army and the Air Force address how the department intends to complete all the BRAC recommended actions before the statutory deadline of September 30, 2011.

Since the largest portion of the BRAC request goes to the Army, I hope Mr. Cabe will be prepared to speak to that.

Concerning the F.Y. 2010 budget request, I'm concerned about the Army's investment in infrastructure in the United States. The active duty construction request is down 24 percent from last year's enacted level, and the Guard request is down 46 percent.

I'm pleased to see that the Reserve component has requested an increase of 33 percent. But overall, the Army's \$4 billion request is a 23 percent decrease.

So I look forward to Mr. Calcara discussing that.

When we were considering the stimulus bill several months ago, I thought that we should be increasing our military construction and moving it up, because, of course, we know that there is a FYDP and if we push that up, it's money that we were going to spend anyway; we would just be creating jobs more quickly for Americans.

That amendment did not see the light of day. Our U.S. installations at places like Fort Hood, Fort Bliss and Fort Bragg, offer large maneuver areas, automated ranges, modern simulator training, and few restrictions on nighttime flying and training.

As a result, soldiers trained in the United States and deployed overseas are better prepared to fight on day one of a conflict than those stationed overseas, where our forces must contend with onerous training restrictions.

Today, with our modern strategic deployment capabilities and the use of airlift and roll-on/roll-off ships, we can often project power from the United States faster than an overseas-based unit.

The overseas basing commission recommendations that our committee drafted and were enacted, in those, the BRAC recommendation and the global defense posture that focuses on expanded allied roles and partnerships dictates that it is in our national interest to relocate more of our soldiers back to the United States and fulfill overseas training and contingency missions by deploying U.S.-based troops, where needed.

Stationing our troops in the United States provides more operational freedom of action, better training, and better family support than would be possible otherwise.

I must also point out that our current military has more citizen soldiers than we've seen in a great many years. I'm very concerned about the overall trend in military construction for our Guard and Reserve components.

I would like to mention again this year the Army's new modular force plan, which will reorganize units into brigade combat teams. I understand this is about 80 percent complete now.

The new plan calls for five new BCTs to be stationed at Fort Bliss, Fort Stewart, and Fort Carson. Now, we are told that a European commander wants to keep two Acts in Europe for up to two years longer than the Army originally planned.

I've discussed this with General Casey and Secretary Gates, and I hope that Assistant Secretary Calcara will tell us how the plans for moving the infantry divisions from Europe to the U.S. are going.

On the Air Force side, I look forward to the discussion with Assistant Secretary Ferguson concerning the construction program there, as well.

The Air Force's active duty construction request is 10 percent below last year's enacted level. The Guard component is requesting 56 percent less than last year, and the Reserve component 26 percent less.

I hope we don't lose sight of the fact that our airmen must have facilities and family support infrastructure from which to work and live that is commensurate with their dedication.

The secretary of defense outlined the four pillars of the Air Force's budget strategy -- people, readiness, infrastructure and modernization.

I look forward to Secretary Ferguson discussing these priorities and how the Air Force can achieve them, while taking such a risk in infrastructure.

I understand the Air Force intends to downsize its total infrastructure budget and physical plant by 20 percent, the 2020-by-2020 plan, and I look forward to hearing more about this, in an era of increased operational tempo.

Joint basing is another subject I'm interested in. As everyone knows, the BRAC provides -- the former BRAC provided 12 test joint bases. I hope the Air Force will speak today on how it proposes to operate a joint base and handle the real property issues on it,

since, in the present BRAC, the Air Force will be the lead in six of the 12 joint bases.

I'm particularly interested in how the Air Force will operate joint base San Antonio as it assumes the responsibility for Lack land, Randolph, and the Army base Fort Sam Houston.

So thank you all for coming and we look forward to your testimony.

JOHNSON:

Thank you, Senator Hutchison.

General Boozer, proceed.

BOOZER:

Sir, I'm more than prepared to go ahead and start with my opening comments. Thank you.

JOHNSON:

Secretary Hansen, please proceed.

BOOZER:

Thank you, sir.

HANSEN:

Thank you, Mr. Chairman.

Mr. Chairman, Senator Hutchison, distinguished members of the committee, the subcommittee, I'm Jerry Hansen, the designated senior official currently performing the duties of the assistant secretary of the Army for installations and environment, and it's my pleasure to appear before you today on behalf of the secretary and the Army to discuss the Army's military construction, family housing, base realignment and closure budget request for fiscal year 2010.

First, we thank you all for your continued support to our soldiers and families serving our nation around the world.

As you know, the Army's strength is its soldiers and the families and Army civilians who support them. We try, with your support, to ensure the quality of life we provide our soldiers and their families is on par with the quality of their service.

Our budget requests represent minimum required levels, which, if approved, will enable soldiers and their families to receive the facilities, care and support they need to

accomplish the monumental tasks we expect of them, while preserving the all volunteer force.

Our Army continues its largest organizational change since World War II, as we transform to a brigade centric modular force, grow our end strength, and re-station a third of the force through base realignment and closure and global defense posture realignment.

The Army's fiscal year 2010 military construction and overseas contingency operations budget requests include \$10.4 billion for military construction, Army family housing, and BRAC, combined amount.

As stewards of our nation's resources, the Army requires each military construction project to attain a LEEDS silver rating, LEED being leadership in energy and environment, the design rating of at least silver to reduce total life cycle costs and improve the environment.

The Army plans to spend a significant sum over the next five years to invest in green buildings, to use less water, and to achieve 30 percent more energy efficiency in the process.

Fiscal year 2010 is our final year of BRAC construction. Full implementation of the BRAC 2005 recommendations will enable the Army to become a more capable expeditionary force, as a member of the joint team, while enhancing the wellbeing of our soldiers, civilians and family members living and working and training in our installations.

The Army's remaining BRAC 2005 construction projects are scheduled for award by no later than the first quarter of fiscal year 2010. This will enable the major movement of units and personnel planned for fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

The Army remains committed to achieving BRAC 2005 law and is on track to do so.

With full and timely funding, we anticipate no impacts to movement schedules, training or readiness. However, we have moved into a period where our construction timeline flexibility is extremely limited.

Cuts and delays in BRAC funding have caused significant difficulties as we have implemented BRAC projects in the past and any significant delay in F.Y. '10 MILCON funding would significantly challenge our ability to meet the September 2011 deadline.

Finally, Mr. Chairman, on April 6, 2009, the secretary of defense issued guidance to stop the growth of Army BCTs, brigade combat teams, at 45 versus 48, as you mentioned.

We understand this decision has caused significant concern and we recognize the impact to communities that have made proactive investments to accept new units and families.

At this point, no decisions have been made as to which BCTs will be affected, but this decision and its associated impacts are being worked with urgency through an expedited quadrennial defense review process, and we will work the details very closely with Congress as soon as the impacts to the military construction projects are known.

I'm accompanied today by Mr. Joe Calcara, the deputy assistant secretary of the Army

for installations and housing; Brigadier General Jim Boozer, director of operations, representing the assistant chief of staff for installation management and the Installation Management Command; Major General Ray Carpenter, the deputy of the Army National Guard; and, Brigadier General Julia Klaus, deputy commander and deputy chief of the Army Reserve for management, resources and support.

We thank you again for the opportunity to appear before you today and for your continued support for America's Army, and we look forward to hearing your questions following brief remarks by the other panel members.

I'll be followed by General Boozer, sir.

JOHNSON:

Thank you.

General Boozer?

BOOZER:

Thank you, Mr. Chairman, Senator Hutchison, and distinguished members of the subcommittee.

On behalf of the Army's senior leaders and the more than one million soldiers that comprise our Army, I want to thank you for the opportunity to discuss the Army's fiscal year 2010 military construction budget request. It's truly an honor to be here with you today to do that.

I would like to extend our gratitude for this committee's support for our soldiers and programs over the years. Our brave men and women are performing their missions superbly, thanks to your continued support.

Our \$10.4 billion military construction request is crucial to the success of the Army's strategic imperatives to sustain, prepare, reset and transform the force. Military construction plays a key role in each of these imperatives as a key enabler in restoring balance and strategic flexibility in your Army.

We are on track to achieve balance, but need your continued support so we can sustain soldiers and their families, prepare soldiers for success in the current conflict, reset them when they return from combat, and transform them for an uncertain future.

To do this, we must first sustain our soldiers and families by investing in quality housing and support programs, such as the soldier family action plan. We have programs in place that will improve soldiers and family programs and services, quality of health care, excellence in schools, youth services and child care, and expand education and employment opportunities for family members.

We are committed to continuing to improve soldier and family quality of life to a level commensurate with their level of service and sacrifice to the nation.

We must also prepare our soldiers for success in the current contingency conflicts. To

help achieve this goal, our fiscal year 2010 request includes \$178 million for 25 new range projects, as well as \$522 million for training barracks, and \$1.5 billion for grow-the-army military construction projects.

The third imperative, reset, is about returning soldiers and equipment to conditions where they can unwind, then prepare for future missions. The Army medical action plan is one such program that incorporates care and services for wounded warriors and their families and provides world class care to our warriors in transition for reintegration into the force or back to civilian life.

We thank you for your support for this vital program, as well.

As part of the fourth imperative, transform, the creation of the Installation Management Command in October 2006 continues our progress in centralized installation management and fosters more consistent, cost-effective, and accountable delivery of installation funding and services.

We are well on our way to completing the largest transformation of the Army since World War II, and it's all being accomplished while in a conflict and with your committed support.

To improve efficiency and effectiveness, we are reshaping installations through BRAC and global defense posture realignment, while simultaneously converting to a modular force, growing the Army, and converting the Army Reserve components to an operational force.

Our military construction request supports this integrally woven, tightly synchronized stationing plan.

I would like to reiterate Mr. Hansen's comments that we must receive full and timely BRAC funding in order to achieve the mandates of BRAC 2005 law. A delay in funding our \$4 billion BRAC request beyond October 2009 could place making the BRAC-mandated 15 September 2011 deadline in jeopardy.

Our flexibility over the years executing this program are all but gone.

Finally, as Mr. Hansen has already stated, the secretary of defense's guidance to stop growth of Army BCTs at 45 versus 48 is being thoroughly, deliberately and expeditiously analyzed by the senior Army leadership.

We will work this closely with this committee and your staffs. In fact, we meet with your staffs next week.

The fiscal year '09 and '10 construction projects play an essential role in supporting our end strength of 547,000, as well as transforming our installations and facilities to support our modular design units.

These ongoing investments will ensure soldiers and families have the modern facilities they deserve.

In closing, our request for military construction, BRAC, family housing and overseas contingency operations plays a critical role in allowing us to put the Army back in balance, to sustain the current fight, and confront the future.

We thank Congress for its unwavering support of the Army's military construction programs over the years and ask for your continued support.

Our goal is to have premier installations across the globe. Our soldiers and families deserve nothing less.

Thank you. It is an absolute honor to be here with today, and I look forward to your questions.

JOHNSON:

Thank you.

Next is General Carpenter, our fellow South Dakotan. Please proceed.

CARPENTER:

Thank you, Mr. Chairman. It's great to see a fellow South Dakotan.

And again, thank you the opportunity to appear before you today to discuss the Army National Guard military construction budget request for fiscal year 2010.

First, I must say thanks to this committee for its strong support of the National Guard in the past. Last year, the budget request for fiscal year 2009 asked for \$539 million in Army National Guard military construction, which appropriated for 29 projects.

The Congress provided that and more, actually appropriating for us an additional \$197 million for 25 more projects, and we are profoundly grateful to this committee for that added support last year.

Today, you have before you our budget request for fiscal year 2010, which asks for \$426 million to fund 21 projects in 18 states. Those projects consist of readiness centers, ranges, Army aviation support facilities, training institutes, and maintenance shops, and we ask you to provide full funding for that request.

The average age of Army National Guard readiness centers across our nation is 41 years old, and 24 percent of those are over 70 years old. So the need for your continuing strong support is vital to the continued success of our Army National Guard.

Moreover, in this time of economic trouble for our nation, I would point out that the National Guard military construction funding is a uniquely effective means of stimulating local economies.

Army National Guard facilities are not concentrated on large installations, but are widely dispersed across America in more than 3,000 locations and communities.

Finally, I would note that the Army National Guard readiness centers are very important parts of the community in which they are located and provide a day-to-day connection between the United States military and hometown America.



Mr. Chairman, the Army National Guard is proud of its history, accomplishments, and service to our nation. For the past two years, we have averaged in excess of 50,000 soldiers mobilized at any given time, and, today, we are at 60,000 soldiers mobilized.

And those great citizen soldiers are a part of our Army National Guard and are on point for our nation as we speak.

The 21 projects that we have submitted are about people and readiness, training our soldiers, providing for their wellbeing, and maintaining and sustaining our facilities and equipment to be ready for our nation's call for state and local emergencies.

I am grateful to be here today to represent those 366,000 citizen soldiers, and I welcome your questions.

I will be followed by General Kraus.

JOHNSON:

General Kraus?

KRAUS:

Chairman Johnson, Senator Hutchison, thank you for the invitation to appear before you today to discuss the Army Reserve's military construction.

It is an honor to testify before you on behalf of the Army Reserve soldiers, family members and civilians.

In the midst of two ongoing wars and transformation efforts to grow, re-station and modernize the Army, the Army Reserve is building to new capacity.

In F.Y. 2010, we are requesting 21 MILCON (ph) projects and will be involved in 35 base realignment-closure projects. The Army Reserve's fiscal year 2010 military construction request of \$375 million is for missions and training, grow-the-Army, other support, and unspecified projects.

Mission and training projects in fiscal year 2010, the Army Reserve will invest \$45 million to prepare our soldiers for success in current operations. Included in this mission and training projects is the armed forces reserve centers and a combined arms collective training facility, which will be available for joint use by all Army components and military services.

Grow-the-Army projects, the F.Y. '10 Army Reserve military construction request represents the second year of a three-year plan to implement the transformation from a strategic Reserve to an operational force. Nineteen Reserve operation complexes in 11 states and the commonwealth of Puerto Rico will be constructed.

With an investment of \$304 million to support the transformation, this \$304 million is 81 percent of the MILCON budget request.

These projects will provide operations, maintenance and storage facilities for over 6,000 soldiers and 56 newly activated combat service support units and detachments.

While the pace of construction is hectic and the resources committed are remarkable, the Army Reserve has significant facilities and infrastructure needs.

We are working aggressively to address all our facilities and infrastructure requirements to ensure soldiers receive the best training and support possible and that we adequately support and maintain on hand an inbound modular force equipment to ensure unit readiness.

Thank you for your continued support for the men and women who serve in your Army Reserve and for the opportunity to brief the subcommittee on the state of the Army Reserve military construction program.

This concludes my statement. I look forward to your questions. Thank you.

JOHNSON:

Thank you.

Mr. Hansen, I'm very interested in homeowners assistance program, or HOAP. As you know, I added \$555 million to the stimulus bill to extend homeowners assistance to military families caught up in the mortgage crisis.

Can you tell me about the status of implementing the expanded program and what does the Army estimate that the total requirement will be to ensure that this assistance will be available to all qualified Army families?

(UNKNOWN)

Mr. Chairman, I'll take that question. And I'd like to thank you, first, for your leadership on that important program. I know you worked very hard, your staff, along with Ms. Evans, to help us get that in the ARPA program and it's going to make a big difference for a lot of -- all members of the Armed Forces, not just the Army, but the Navy, the Marine Corps, the Air Force, and the members of the Coast Guard, as well.

The Army is the executive agent for it, as you know, and we came in with a plan to expand that authority, which goes back 40 years. We had to scale the program to work within available resources.

Over the last several weeks, we've had a cross-functional team comprised of representatives of all the services shaping the program's entitlement structure, and we have finished that process and have drafted the final policy.

Where we are now is because some of the benefits will be paid to nonmilitary members, such as surviving spouses and people who have retired, we need to get into the OMB rulemaking process.

We are implementing that as we speak. We had a meeting on it, I think, this week. We expect to get through rulemaking and start paying benefits in the latter part of June.

We anticipate a tremendous response to this program, a lot of success, with at least 10,000 to 12,000 claims forecasted in the immediate future.

Again, I thank you for your leadership in helping us get that program in place.

JOHNSON:

General Carpenter, the South Dakota Guard is in the process of constructing a joint forces headquarters in Rapid City. The Guard's leadership in South Dakota has indicated a need for an additional \$7.9 million to complete the project in this fiscal year.

Could you give me an update on this project and the required funding, and do you need additional funding in F.Y. '10?

CARPENTER:

Mr. Chairman, as you're well aware, the project was validated and initially funded in the military construction budget for the Army National Guard.

We do have an additional request for \$7 million based upon some additional requirements to that joint force headquarters project, which includes some additional units and some additional requirements that were not in the original 1390-91.

We have reviewed that requirement and that request and we've found them to be valid, and the requirement in terms of making that a complete project. So we expect that there would be some sort of funding to accommodate that.

JOHNSON:

Mr. Hansen, over the past several years, Congress has provided funding to support the Army's grow-the-force initiative, including putting 48 brigade combat teams, or BCTs.

Last month, the secretary of defense announced that the number of BCTs would be stopped at 45.

What impact will this have on the Army's military construction program and will it have any impact in fiscal '10? What is the status of the Army's stationing plan in Europe and when do you expect the secretary to make a final decision on how many brigades will remain in Europe?

HANSEN:

Sir, with your permission, sir, General Boozer is geared to answer that one.

BOOZER:

Thank you, Mr. Chairman.

As you indicated, we're all aware of the secretary of defense's guidance of 6 April to stop growth of Army BCTs at 45 versus 48, and we will reach the 45th brigade combat team in F.Y. '10, when we stand up, activate 2nd Brigade 1st Army Division at Fort Bliss, Texas. That will get us to the 45th brigade combat team.

The Army's position concerning the secretary's guidance is we currently want to maintain our construction projects for '09 and '10, because it's both projects in '09 and '10 that construct facilities for those six grow-the-Army brigades at Fort Carson, Fort Stewart and Fort Bliss.

As Mr. Hansen indicated in his opening comments, we are currently going through a very, very detailed analysis, a very deliberate analysis of the impacts and courses of action to how we would stop at 45 versus 48.

We also know that in fiscal year '12 and fiscal year '13, Mr. Chairman, as you mentioned, we're to bring those two brigades back from Germany, one in fiscal year '12 to Fort Bliss, Texas and one in fiscal year '13 to White Sands Missile Range.

Those two brigades we're going to get informed by this accelerated quadrennial defense review that is currently ongoing.

The construction projects that we have planned in '09 and fiscal year '10 are critical, essential in supporting us in getting to our -- and we have reached our end strength of 457,400 soldiers; that we're slightly above and have to bring that down to get back to our TAA.

So these construction projects are critical in, one, providing facilities for our end strength, and so our intent is to continue with those programs, maintain those programs, get informed by the QDR, get informed by the courses of action that we're working through now, and work this through.

So we would ask for your patience and hope to be able to do this as quickly as possible.

I wish I could give you a time. I know the chief of staff of the Army was engaged with Mr. Edwards in the BRAC hearings, MILCON hearings, last week. Certainly, we would have to have something done before the budget goes to September conferences, at the latest.

JOHNSON:

Thank you, General.

Senator Hutchison?

HUTCHISON:

I'm not sure that I understood totally your answer and I wanted to follow-up with his questions.

What effect will the stopping at 45 have on the statement of the commander at

EUCOM that they want -- he is recommending that two of the brigades stay in Germany for two years longer?

Are you saying that that will not impact -- that that decision hasn't been made or that the stopping at 45 does not necessarily mean that the decision has been made that some would stay -- that two would stay in Europe? If you could clarify for me.

BOOZER:

Yes, ma'am, and I'm sorry for the confusion.

The Army's position, one, is those two brigades will return, as I indicated, fiscal year '12 and fiscal year '13.

HUTCHISON:

So the two...

BOOZER:

They're almost two separate issues.

HUTCHISON:

OK.

HANSEN:

The decision for the 45 is completely independent of the two brigades coming back from Germany. That issue will be reviewed during the QDR.

HUTCHISON:

I understand. That's exactly the clarification I was looking for.

So you're moving on schedule, as long as the MILCON stays on schedule, to move those troops as originally determined earlier in BRAC.

BOOZER:

Yes, ma'am.

HUTCHISON:

OK. And let me ask you, also, in the general BRAC arena, if the budget that you have this year, plus last year, if you feel that you are on schedule for having all of the BRAC construction done on the September '11 -- I mean, September 2011 timeframe.

BOOZER:

Yes, ma'am, I believe we are on schedule. We are on track. We're essentially halfway through the program.

Over 180 projects of 326 are either complete or being constructed. That leaves us 146 projects remaining to execute, and our intent, with timely funding, is to advertise for projects during the fourth quarter of this year so that we can award them right at the start of first quarter 2010.

But BRAC timeline, we are on track, ma'am.

HUTCHISON:

And do you feel like more money would help move anything further toward that deadline or are you comfortable that we're on time and on budget?

BOOZER:

No, ma'am. I don't think additional funds would help us at this point. It all has to do with capacity. And so I think we have maxed out capacity and maxed out funding for BRAC.

HUTCHISON:

Thank you. Pinon Canyon, Mr. Hansen, as you know, the Army has been trying to expand the ranges at Pinon Canyon, Colorado for at least two, maybe three years now, but has been held up by environmental issues.

And last year, this committee prohibited the Army from even advancing the environmental impact study to expand the ranges there. Actually, it was the full Senate that enacted that.

So what is the -- what's the option that the Army is looking at? Are you still going to push Pinon Canyon or are you looking to expand ranges at other installations, seeing that the likelihood of expanding at Pinon Canyon is probably pretty slim?

HANSEN:

Thank you, ma'am. The Army does not have the luxury of excess of surplus maneuver training land capacity at any of its installations, as you know, and we have legitimate needs for expanded training land to support the concentration of units in the U.S., modular conversion of BCTs, training for operating environment, and continued environmental challenges to the Army's ability to fully access the land that it does currently own.

And we do hope to work in a cooperative fashion with the state of Colorado and local landowners and it's hopeful we can arrive on a way ahead that meets the Army's need and also works for the landowners.

We're seeking a win-win there and we're certainly looking at other installations, too, and the decision on which three BCTs would be eliminated certainly is a big factor in all these decisions.

HUTCHISON:

When will you pull the plug on Pinon Canyon if you don't see a possibility?

I mean, it seems pretty clear, from the outside, that it's very remote right now. I mean, I've tried to help on this, but it's not going anywhere.

So when do you say here's plan B?

HANSEN:

We do not have a date on that yet, ma'am, but we certainly are...

HUTCHISON:

Are you pursuing other options? Are you beginning to look for other places where you can expand, other than Pinon Canyon?

HANSEN:

Within Colorado, there are insufficient federal lands within about a 200 mile radius of Fort Carson that are capable of supporting the required maneuver training, and federal lands outside this area would entail additional transportation costs, increased convoy travel time, and increase the possibility of safety issues and unnecessary hazard to the force, and they would also have significant environmental restrictions.

So we certainly are looking at expansion at all our facilities and we have...

HUTCHISON:

Other places besides Colorado.

HANSEN:

Yes, ma'am, as part of the decision on the three BCTs that we've previously discussed, as well as the needs at Fort Carson.

HUTCHISON:

Thank you.

HANSEN:

Yes, ma'am.

HUTCHISON:

Thank you, Mr. Chairman.

JOHNSON:

Senator Pryor?

PRYOR:

Thank you, Mr. Chairman. I appreciate your time on this.

I don't know if that's my BlackBerry doing that or not, but I'll keep it away.

Let me start with you, if I can, Mr. Calcara, and that is we have some legislation here that we're working. It's S.590, Defense Community Assistance Act of 2009.

And let me start with a success story in a post-BRAC environment. It's actually not in my state. It's in the ranking member's state of Texas.

Red River, the Red River commerce park is 765 acres. It was once part of the Red River Army Depot and it was transferred via a no cost EDC 10 years ago. We have that same legislation this time to do no cost EDCs.

It now boasts nearly a million square feet of industrial and commercial space, including a biodiesel production facility, 25 private housing units, a golf course, and over a dozen tenant companies employing nearly 1,000 people.

And from my standpoint, it's probably a lot cheaper in the long run on everybody to do a no cost EDC than it is to try to convey the property some other way.

I would like to hear your thoughts on the Army's position on trying to do some of the property that's been BRACed, so to speak, through no cost EDCs.

CALCARA:

Yes, sir. Our BRAC disposal strategy is contingent upon a number of factors, not to mention the reuse plan and the environmental issues on the site.



We would prefer to keep all the tools available in the BRAC toolbox, including no cost EDCs, cost EDCs, public benefit conveyances, and look at the entire suite of options before we unilaterally decide that all EDCs would be no cost.

The Army believes the imperative here is to get the property back in productive reuse as quickly as possible and, in many cases, that requires investment of dollars for environmental cleanup that are otherwise not programmed.

One of the strategies that we believe works best for that is to go to public market, bring private dollars to the table, and have cleanup done incidental to redevelopment.

This reduces the cost of the cleanup in terms of funding it upfront, gets the property redeveloped quicker, and also brings in private capital to supplement precious dollars that we would have to program for cleanup.

So in the end, the speed is one aspect of it, but it really becomes speed and productive reuse as quickly as possible, not just speed and transfer, but speed in getting the cleanup done.

PRYOR:

Let me ask this as a follow-up to that. The Lone Star Army ammunition plant, which is basically, more or less, adjacent property, as Senator Hutchison knows, was, again, BRACed in 2005.

Do you know -- do you have a sense of how much it has cost the Army to maintain that property since 2005?

CALCARA:

I don't have the numbers available. The issue, of course, with Lone Star, for us, would not necessarily be a cost avoidance for caretaker. It's more where are we going to get the environmental dollars to clean it up and program it.

What we'd like to do with Lone Star is leverage the timber to reinvest back in the property for cleanup, to help not only expedite transfer, but cleanup at a cost-effective basis.

PRYOR:

I thought we appropriated some money to do the cleanup.

CALCARA:

We do have some dollars appropriated, but we do not believe those will be sufficient to get the property cleaned and back into reuse as quickly as if we did go to a public sale process to tap private markets.

PRYOR:

Do you know what your current timeline is on making the decisions around Lone Star?

CALCARA:

We just received the reuse plan in here about 30 days ago. We're studying it. We're looking to make some broad-based decisions later this summer.

PRYOR:

Mr. Hansen, do you have any comments on Lone Star and the approach that Army is taking with regard to the no cost economic development conveyance?

HANSEN:

Not beyond what Mr. Calcara said, sir.

PRYOR:

Let me ask, if I may, General Carpenter, about some training facilities available to National Guards around the country.

I know that one of the things that we see that's obviously become more and more important in the last few years is the so-called life fire experience, where it may be urban warfare and they need to simulate that as part of their training.

For example, the Arkansas National Guard has to travel to Camp Shelby, Alabama to do that.

Have you looked at whether it's more cost-effective to do the travel and keep all the folks moving and take them off-site, out of state, in many cases, hundreds and hundreds of miles away, and do that training versus just building training facilities in the home state?

Have you all looked at that?

CARPENTER:

Sir, as an overall project in that arena, what we've seen in the last several years, because of the increased number of brigade combat teams in the active Army, we've seen places where the Army National Guard has traditionally gone to train, not being available because of the mobilization process and, also, because of the other tenants on the installation.

For instance, the 256 Brigade out of Louisiana struggles to get on Fort Polk now

because of the training and the OPTEMPO in that particular arena.

We have worked with 1st Army and are currently doing a study on those kinds of things that you just outlined, sir, and the issue is where do we train the Army National Guard and what is the proximity to that unit's home station.

And so between simulation and the live fire piece, we have that under study right now and we would expect to have that study completed sometime in the next year.

PRYOR:

Great. Thank you, Mr. Chairman.

JOHNSON:

I'll use my discretion to ask one more question.

Mr. Calcara, the committee is concerned about the level of funding requested for the Army Guard and Reserve forces. The Guard and Reserve have been a critical component in our operations in Iraq and Afghanistan.

Recently, Secretary Gates indicated that more Reserve components may be tapped for service in Afghanistan, and yet we see a 24 percent reduction in the F.Y. '10 budget request for the Army Guard.

Can you explain this reduction in funding and what impact is it having on the backlog of needed Guard and Reserve construction projects?

CALCARA:

Yes, Mr. Chairman. I think you need to look at the two sets of numbers in the request for each year as opposed to the difference between what was enacted last year and this year's request.

I don't believe the difference is that great and as it tiers into the greater Army program of grow-the-Army and global positioning, along with the increases in the reserves, I think we are meeting all the current requirements that the Guard has for F.Y. '10.

We do have additional requirements that we're looking to rack and stack (ph) from 11 through the FYDP, and we are working on that now.

But I think if you compare the F.Y. '09 request to the '10 request, there's about a 10 or 15 percent difference between the two numbers.

JOHNSON:

Senator Hutchison?

HUTCHISON:

I'm through, thank you.

JOHNSON:

You may be excused.

HUTCHISON:

Thank you all very much.

JOHNSON:

Thank you.

I'm pleased to now welcome our second panel of witnesses. Ms. Kathleen Ferguson deputy assistant secretary of the Air Force for installations; General Joseph Lengyel, commander, Air National Guard Readiness Center; and, General Howard Thompson, deputy to the chief of staff for the Air Force Reserve.

Thank you all for coming. We look forward to your testimony, and, again, your full statements will be entered into the record.

Ms. Ferguson, please proceed.

FERGUSON:

(OFF-MIKE)

HUTCHISON:

Is your microphone on?

FERGUSON:

That would be better, I guess.

It's my pleasure to be here today, along with Generals Lengyel and Thompson from the Guard and Reserve.

We'd like to begin today by thanking the committee for its continued support of your Air Force and the many dedicated and brave airmen and their families serving around the globe.

Today, more than 27,000 airmen are currently deployed in support of ongoing operations in Iraq, Afghanistan, the Horn of Africa, and many others, daily demonstrating their importance in support of joint combat operations.

Within the secretariat for installations and environment and logistics, we fully appreciate the impacts our efforts have in support of these airmen and how it affects their ability to positively influence our Air Force's war fighting capabilities and capacity to counter hostile threats.

But before we begin, I want to tell you that we heard your concerns last year that the Air Force did not have enough money in the FYDP and the Air Reserve components were not receiving enough of a share.

The Air Force has increased funding across the FYDP by nearly \$2 billion and we have changed the way we allocate between the active Air Force, Guard and Reserve to give our Reserve components a larger share.

MILCON, family housing and BRAC programs form the foundation of our installation structure. Our installations serve as key platforms for the delivery of global vigilance, reach and power for our nation, and our fiscal year 2010 investments reflect a direct connection to this vital work.

As we continue to focus on modernizing our aging weapons systems, we recognize we cannot lose focus on Air Force infrastructure programs. Our F.Y. 2010 president's budget request of \$4.9 billion for MILCON, military family housing, BRAC and facility maintenance is a reduction from our 2009 request of \$5.2 billion.

This reflects an increase in MILCON and fact-of-life reductions due to the anticipated completion of the privatization of military family housing and BRAC 2005 round implementation.

Using an enterprise portfolio perspective, we intend to focus our limited resources on the most critical physical plant components by applying demolitions, base utilization strategies to reduce our footprint, aggressively pursue energy initiatives, continuing to prioritize family housing, and modernizing dormitories to improve quality of life for our airmen.

In regards to military family housing, our master plan details our housing MILCON, operations, maintenance and privatization efforts.

Since last spring, we have completed new construction or major improvements on more than 2,000 units in the U.S. and overseas, with another 2,286 units under construction in the U.S., and 2,783 units under construction overseas.

Our 2010 budget request for military family housing is just over \$567 million. The request for housing investment is \$67 million to ensure the continuing improvement of our overseas homes.

Our request also includes an additional \$500 million to pay for operations, maintenance, utilities and leases for the family housing program.

Now, I'd like to address our efforts in support of base realignment and closure. BRAC 2005 impacts more than 120 Air Force installations, unlike the last round of BRAC, where

82 percent of the implementation actions affected the active Air Force.

In BRAC 2005, 78 percent of implementation actions affect the Air National Guard and the Air Force Reserve. In fact, the Air Force will spend more than \$478 million on Air National Guard and Air Force Reserve BRAC MILCON projects.

The Air Force's total BRAC budget is approximately \$3.8 billion, which the Air Force has fully funded. Our fiscal year '10 BRAC 2005 budget request is approximately \$418 million, of which less than 20 percent is for BRAC MILCON projects.

I'd like to emphasize the BRAC program is on track to meet the September 2011 deadline.

Air Force MILCON, military family housing and BRAC initiatives will continue to directly support Air Force priorities. It is imperative we continue to manage our installations by leveraging industry best practices and state-of-the-art technology.

Our civil engineering transformation efforts, now entering the third year, continue to produce efficiencies and cost savings that enhance support for the war fighter, reduce the cost of installation ownership, and free resources for the recapitalization of our aging Air Force weapons system.

More importantly, these investments reflect effective stewardship of funding designed to serve our airmen in the field, their families, and the taxpayer at home.

Mr. Chairman and Senator Hutchison, this concludes my remarks. Thank you and the committee again for your continued support of our airmen and their families. And we look forward to your questions.

JOHNSON:

Thank you, Ms. Ferguson.

The fiscal 2010 Air Force budget request for military construction is about 10 percent lower than the '09 request.

Last year, the Air Force acknowledged that it was assuming a graded risk in construction funding to share more funds into air and space assets.

Is this year's budget request a continuation of that policy? Could you outline the risk that the Air Force is leveraging with the drop-off in funding for military construction?

FERGUSON:

Yes, thank you. Overall, the Air Force has reduced our F.Y. '10 PB request from our F.Y. '09 PB request. In F.Y. '09, our PB for infrastructure programs was \$5.2 billion. And this year, when you add MILCON, family housing, BRAC and facility maintenance, we're right about \$4.9 billion.

We have increased in some areas and have decreased in others, and military

construction, from one president's budget to the other president's budget, we have increased about \$300 million.

We had increased our family housing maintenance account by about \$200 million, predominantly in the energy area and to improve dormitories, and we have reduced funding in both family housing and BRAC, directly related to reduced requirements in both of those accounts.

And that's good news, because that reflects success in the program and we do not need any additional funding beyond what we've asked for in this budget for either BRAC or family housing.

Overall, if you look to see how we allocated the money between the active and Guard, each of the active Guard and Reserve have seen increases from last year.

Our active request went up about 22 percent, Reserves about 45 percent, and the Guard went up about 273 percent. But as you do point out, it is lower than the appropriated amount, but the Air Force did increase -- continues to take risk in infrastructure, but it did increase our PB request above what we did have last year.

JOHNSON:

Could you give me an update on the housing privatization efforts at Ellsworth Air Force Base?

FERGUSON:

I can tell you the Ellsworth -- I can get back to you with more details, but the Ellsworth project is part of a grouped project. It is in the concept development stage right now and we anticipate coming over to the Hill to give a briefing here within the next few months.

But I'll be happy to come over and give you more details on that.

JOHNSON:

As a result of an OSC decision, the Air Force budget request does not include an updated FYDP. Last year, the Air Force Guard and Reserve FYDP were very thin.

What impact will the new FYDP policy have on the ability of Congress to provide additional funds for key Air Guard and Reserve priorities?

FERGUSON:

At this time, OMB has asked the department not to present any funding beyond F.Y. '10 in our budget, '10 being the additional guidance from the president and OMB, beyond what's in our justification books.

We're continuing to work with OSC on the development and release of anything beyond what we've provided in F.Y. '10.

JOHNSON:

General Lengyel and General Thompson, would you please give the subcommittee your assessment of this situation?

LENGYEL:

Yes, Mr. Chairman. Thank you for the question and the opportunity to comment.

It is a concern to the National Guard Bureau that potentially there are projects in the FYDP to accelerate. As you're well aware, the Air National Guard has been able to gain average of \$150 million or more in accelerations yearly.

So the inability to do that could, in fact, hinder our ability to recapitalize our \$14 billion plant. We hope perhaps there's some way that we find a way to find those projects into the FYDP so that they can be accelerated.

But currently, we're playing as partners with the Air Force, with the funds available in the program.

JOHNSON:

General Thompson?

THOMPSON:

Sir, we're just a microcosm of the overall Air Force, the same as the Guard, much smaller program. But we have the same concerns.

We have a backlog that we would like to be able to accelerate. As with the Army that spoke earlier, our request last year of \$19 million ended up in an appropriation of \$37 million. Our request this year is \$27 million.

So like the regular Air Force, our appropriation did exceed our request. So we thank you very much for that.

So just as Joe mentioned, we will be in the same boat, all three components of the Air Force, if we cannot work some accelerations with you.

JOHNSON:

General Lengyel and General Thompson, I'm deeply concerned over the level of funding in the F.Y. '10 request for the Air Guard and Reserve.



The Air Guard requested 60 percent below the F.Y. '09 enacted level and the Air Force Reserve request is nearly 26 percent below F.Y. '09 enacted.

This is not the first decrease we have seen in funding requests from the Air Guard and Reserve.

What impact does this trend have on the Air Guard and Reserve MILCON program?

LENGYEL:

Well, sir, Mr. Chairman, once again, I would comment that I see this budget as actually an improvement over the previous two year budgets, for sure.

Last year, I believe we had somewhere just over \$34 million in current mission projects in the budget. This year, we're in excess of \$120 million.

We're pleased and working, again, in concert with the other components in the Air Force to play by the same rules. I can tell you that like every other part in the Air Force, the Air National Guard received its top three priorities in MILCON projects, no different than anyone else.

Funding, competition for funding in the budget process is a challenge, but we're happy to say that, with the Air Force, we're playing pretty much as one team and we're treated no different, I would say, than any other part of the Air Force.

JOHNSON:

General Thompson?

THOMPSON:

Sir, I concur with General Lengyel. The thing that I think is a difference this year than perhaps last year is we, as an Air Force, changed the business rules whereby the Reserve components receive their percentages of the overall MILCON budget, which resulted in a more fair application of those percentages across our portfolio.

So it is better than last year.

Now, frankly, it is -- the difference between last year and this year was the wisdom of the Congress in accelerating some additions to the budget. But our requests are in line. We feel fairly treated. We're equal partners with the Air Force, and especially with the change in business rules.

We're very satisfied with the way that we're treated as part of the Air Force team.

JOHNSON:

Thank you.

Senator Hutchison?

HUTCHISON:

I want to thank the chairman for asking about the Reserve issue, because that's been a concern of mine, as well.

I want to ask -- we're all waiting for the decision on the Cyber Command, as you can imagine, and I wondered what the MILCON requirements might be for the new 24th Air Force headquarters that will come with that Cyber Command.

FERGUSON:

Ma'am, it would be premature for me to speculate at this time, because the Air Force has not yet made an announcement on the basing location.

But certainly, as soon as that's made, we can provide you and your staff an update on that.

HUTCHISON:

Have you done -- I mean, regardless of where it goes, have you done planning? Is there nothing contingent in your budget request for any added building with that?

FERGUSON:

There's nothing in our building request for Cyber Command right now. What I can describe is the process that we've gone through so far.

As you know, the Air Force announced in January six locations that were going to be visited for possible bed-down locations for Air Force Cyber Command. Space Command took the lead.

They performed the site surveys at each of those six locations and as they performed those six site surveys, they looked at what it would take to reach initial operating capability at that installation and they looked at what it would take to get to final operating capability at that location.

They also evaluated the installation based on six criteria that had been provided by the secretary of the Air Force, and they included things like mission synergy, COM bandwidth, availability of facilities, transportation, security, and, off the top of my head, I can't remember the last one.

But that has been ongoing and right now we are just waiting to make the announcement for the preferred location and any other reasonable alternative and, at that time, the Air Force will begin to accomplish the environmental assessment for the bed-down of Cyber Command.

HUTCHISON:

So what then would be the timetable? If there's nothing in this year's budget request for a generic military construction for that headquarters, what would then be the timetable for putting it into the FYDP or into a future budget?

It just seems like you'd want to stand it up as early as possible, and I would've thought you might have something set aside for that for whenever the announcement was made so it could be started immediately.

FERGUSON:

Our anticipation is that it will be in the F.Y. '11 budget request. If any MILCON is required to stand up Cyber Command or CYBER NAF, that will be done in the F.Y. '11 budget and we will work an interim O&M solution, if required, for the interim standup.

HUTCHISON:

OK. Let me ask you the other issue that I had mentioned earlier, and that is the Air Force will be the lead on six of the 12 joint bases in BRAC.

What are your preparations for that and what is your thought of the way you will be putting those operations headquarters together for all the different services?

FERGUSON:

Sure. And as you point out there, through BRAC 2005, joint basing was directed at 12 installations, 12 joint basing installations.

The Air Force has lead at six of those installations and we're follow at four, and we've been working very closely with OSD and our partners in the Army and the Navy to execute joint basing as directed by BRAC 2005.

And OSC and the other services have basically broken down joint basing implementation into two phases, and phase ones are underway right now. The memorandums of agreement have all been signed for those first -- let me count here -- first five joint bases.

And the first five, it's Naval Air Base Little Creek, Fort Story, Fort Myer, Henderson Hall, Andrews Naval Air Station Washington, McGuire, Fort Dix, Lakehurst, and then the installations at Guam, both Anderson Air Force Base and Navy Region Guam.

All the rest of the joint bases are in phase two and that does include Lackland, Fort Sam Houston and Randolph.

And I can tell you, briefly, all of the phase one bases have reached their initial operational capability today and they will reach full operational capability, will be fully stood up on 1 October of this year.

The phase two MOAs, and I can talk to you specifically about Lackland and Fort Sam in just a second, all the phase two MOAs are under development right now, with an IOC for the follow-on for the phase two bases in January of 2010, with full operating capability in October of 2010.

Lackland is one of the -- Lackland, Fort Sam and Randolph are one of the last seven bases to go through this process I'll describe for you. But there's a combination of folks here in D.C. helping to make this work, along with each of the major commands helping to make this work.

And the next major milestone for Lackland and Fort Sam Houston, on the 22nd of May, the command structure at the major commands for both the Army and the Air Force will submit memorandum of agreement to the Department of Defense for us to start looking at and there will be a workshop that's held in San Antonio from the 9th to 12th of June.

The anticipation for a MOA signature for Fort Sam Houston, Lackland and Randolph will be the 22nd of September.

HUTCHISON:

Can I just follow-up with a quick question? That is, who will make the MILCON requests where there are joint bases? Will it be the lead or will it be the service?

FERGUSON:

It will be the lead for installation support functions. If there's a mission change, then it will be the requiring -- so if there's an Army mission change on Fort Sam, the Army would make that request. If it was for a regular mission support facility, like a gym or an admin facility to replace something existing, the Air Force would do that as the lead for that joint base.

HUTCHISON:

Thank you.

JOHNSON:

Senator Pryor?

PRYOR:

Thank you, Mr. Chairman.

Ms. Ferguson, let me ask -- as you are very well aware, because you've dealt with this for a long time, the Little Rock Air Force Base, along with bases in Georgia, Massachusetts and Florida, were able recently to resolve a very complicated housing privatization issue.

And the first question is could you give us just a -- give the subcommittee here a status report on all the bases, if you could, just kind of where that stands now and particularly where we started in terms of what our original goals were versus how many houses and how many refurbished houses we end up with now.

FERGUSON:

Sure. First, I want to thank you and your staff for all the work you helped with us as we (inaudible) the work out of the American Eagle Project.

As you know, the American Eagle Projects, the four projects, were very difficult for us and we appreciate the support of yourself and the other members as we worked through that.

Specifically, for Little Rock, the scope was reduced from 1,200 to 1,000 as we worked the restructured deal and there was less new construction than what was in the original American Eagle Projects.

The feedback we've got so far is the Hunt Pinnacle team, the new project owner that's in there, has done a great job of bringing in new branding to the installation.

They've done a tremendous job of taking care of some of the backlogs of maintenance, roof repairs, storm damage repairs, that were both at Little Rock and Moody. And we've got great feedback from the installations on the work that they have done since they've gone in there in November.

We have -- the Air Force has issued notice to proceed for demolition and construction and Hunt Pinnacle has begun work on the 10 partially completed houses that American Eagle started, and those houses should be complete in June and we should be able to start moving families into those 10 houses in June.

The other things they're doing is they're demolishing some of that partial work that American Eagle had done that wasn't recoverable, and that should be done, also.

Starting in June, they should begin working on 131 new houses at Little Rock, with work to be done in March of '11.

PRYOR:

And if I recall, Little Rock has their set of issues and Georgia, Massachusetts and Florida, they're all a little different. But are they generally following on that same track that, in effect, the taxpayer is getting a little less than what we had originally bargained for, but the work's back on track and things are moving to, under the circumstances, a conclusion that is relatively satisfactory?

FERGUSON:

Absolutely. Each one of them is similar. Each project is different in some respects. At Patrick, we added some additional homes to the deal. Originally, it was all the houses were off-base. We did roll in some houses that were on base to the deal.

Part of the difficulty with the work out of American Eagle is there were some collapsed bonds. There wasn't enough money available to do what was done originally. And because of the financial crisis and the economy, we were unable to go out and get additional financing. So we had to live within the dollars that were available at the time.

Work is progressing at all four bases. At Patrick, they're demolishing 111 houses right now and those should be complete shortly. They have begun renovation of 435 homes that were brought into the deal in the north and central housing.

At Moody, they're completing 50 of the homes that American Eagle had started. And at Hanscom -- I actually just came back from a trip to Hanscom and visited up there, and they're completing 26 houses that American Eagle started, and they've done a great job.

On the 1st and 2nd of June, I'm traveling to Little Rock, Patrick and Moody to do another touch with the other three bases to get hands-on on how they're doing.

PRYOR:

Great, thank you for doing that.

Now, let me ask, from this point moving forward, have you prepared sort of a set of lessons learned, things that if you could go back and do them differently and sort of a better game plan as we move forward, do you have that?

FERGUSON:

Absolutely. We've learned a lot of lessons from American Eagle, and not just the Air Force, but the Navy and Army also did, as well.

And I'll go through just a couple of things the Air Force has done and how we have changed our processes as we've taken lessons learned from American Eagle.

The first thing we did is we centralized source selection authority and, actually, it resides with me in my office. Before, when we awarded the four American Eagle projects, there were different source selection authorities for each one of the four. They were all awarded within a one-year time period, and so we weren't able to see those things that were occurring across the Air Force.

We have centralized construction management reporting to the Air Force Center for Engineering and the Environment down in San Antonio, and they've got standard construction reporting. They've got financial and construction reviews.

We monitor almost on a daily basis some key performance indicators. We monitor the construction schedules, the budgets, the financial indicators, the debt covenants, the operating expenses.

We, along with our partners, do customer service and satisfaction surveys. We do a monthly in-depth review at my level of the execution of these projects.

We have initiated, also, pretty robust development review visits, where we send a team out from Air Force Center for Engineering and the Environment to go out and

actually touch on the ground on a pretty frequent basis the issues that are happening there.

PRYOR:

I think all that's good, because I think, actually, privatization for housing does make a lot of sense, but we just have to make sure that we manage it properly.

One last question on that specific deal. Again, I think there were four bases involved in four different states.

Is there anything right now that the Air Force is doing with regard to American Eagle, any recourse, any lawsuit, trying to recover some of the lost money, or have we blacklisted them for future projects?

What, if any, actions has the Air Force taken with regard to American Eagle?

FERGUSON:

I'll have to get you an update on that. They were working through -- our general counsel is working through their review of the potential debarment, and we'll get you an update on that. I just don't have a current status.

PRYOR:

Thank you.

Mr. Chairman, just so you'll know, my thought is that if you have a company like American Eagle that just doesn't honor its obligations, its contract it's made, my sense is they ought to be -- there ought to be some sort of so-called death penalty for them or some sort of blacklist where, for a period of years, they just can't bid on these contracts.

Anyway, we can talk about that in another context. Thank you.

JOHNSON:

I'll take that under advisement.

Senator Murkowski?

MURKOWSKI:

Thank you, Mr. Chairman.

Ms. Ferguson, I want to ask about a situation up north as it relates to Eielson and Fairbanks, the community that is the largest community in relation to that base there.

Recognizing that the Air Force has embarked on this strategy to promote the development of synthetic fuels, one that I hardly endorse, last year, in the F.Y. '09 Defense Appropriations Act, there was \$5 million in O&M funds that were set aside, another \$5 million in research and development funds.

It was set aside to study the feasibility of a coal-to-liquids facility near Eielson. And the Fairbanks North Star Borough, which is the local government there, has been working on this project for quite some time.

They've defined several issues that they believe are very important to resolve in order to decide how to move this forward and whether to go forward with the project.

The Air Force is now in the process of commissioning two studies now and it's my understanding that the Fairbanks North Star Borough believes that these studies will not answer the questions about this project, which really do need to be answered now.

And apparently, it wasn't up until just about a week ago that the Air Force actually met with the community leaders about the problem. The community leaders don't feel that the Air Force has been listening to their concerns.

And the concern is that they will go forward, spend \$10 million on studies that may have very little value.

So the question that I have of you this afternoon is whether the Air Force is prepared to work with the leadership of the Fairbanks North Star Borough to address the concerns about how this \$10 million is going to be spent.

FERGUSON:

That's a great question. Absolutely, the Air Force is committed to work with the community of Fairbanks and the FEDC (ph) up there as we work through this -- through how we spend this \$10 million and how do we best support the community as we move forward.

As you point out, there was a meeting just recently with the community. That was on the 3rd of May, and the feedback I got out of the meeting is there was a lot of issues that were raised and I think it helped to alleviate some of the concerns of the community at that time.

And the purpose of the meeting was really to provide them an update as to where the Air Force was, and, to be quite honest, it was hard for the Air Force to get started on this.

It was an usual earmark. We weren't quite sure how to work it, how to work it with the community. So I think that's why there was some delay in beginning to talk to the community.

The folks at the local level were concerned, as you point out, on how the Air Force was going to go forward, what were the studies that we're going to do, how we were going to integrate the community in that.

And I can tell you just a couple things, what the -- the Air Force is really doing three studies. One is the research on the feasibility of a coal-to-liquid plan, what is the -- can it



work up there, what is the -- how will it work, what are the things that need to be done to make that work.

And then the second thing is an environmental baseline study, which you have to do for any project. And then the third thing, and this may be one of the things the community is concerned about, is the mission compatibility study, how would a coal-to-liquid plant work alongside the existing missions or potential future missions at Eielson Air Force Base.

So there's kind of three parallel studies all going on. Those will all come together mid to late summer, July-August timeframe.

There's actually another meeting up there today with General Chandler, the PACAF commander, and he is meeting with Mayor Whitaker and the FEDC (ph) folks today, and then there'll be another follow-on meeting in late July, early August that talks the results of the preliminary studies and helps to map out a way forward.

MURKOWSKI:

Well, I'm pleased to see that there's a greater level of communication. I think the community's concerns about how these dollars are going to be spent are good and fair and legitimate.

And in order for this to work, there's got to be a full understanding as to how the project truly does play forward, and I appreciate -- I've had an opportunity myself to sit in on the initial meeting and you had all the stakeholders in the same room and there was a great deal of energy and a great attitude about the feasibility of how we can really make this work.

Since then, everything has kind of fallen by the wayside and the level of communication has not been what it needs to be.

So I would just encourage that there be that level of coordination and collaboration between the leadership within the Fairbanks community and the Air Force. So I appreciate that.

Then one final question, and this relates to the 2005 BRAC and Kulis Air National Guard Base there in Anchorage. We think, within the community, that this has been a win in terms of closure, a win for the Air Force and a win for the community, because once Kulis moves then over to Elmendorf, the land that Kulis currently occupies can be put to economic development.

So the question, quickly, to you is whether or not Kulis is on track and whether or not there's adequate funding to complete that BRAC process there at Kulis.

FERGUSON:

Absolutely, Kulis is on track for September 15, 2011 and we do not need any additional funding. The Air Force has fully funded BRAC not just at Kulis, but across the Air Force, and we monitor the execution of that very closely.

We do quarterly program management reviews. The last one was just under a month ago and so far, everything is on track and on budget.

MURKOWSKI:

Good. I always like good news like that.

Thank you, Mr. Chairman.

JOHNSON:

Thank you, Senator.

I would like to thank all of our witnesses for appearing before the subcommittee today. We look forward to working with you this year on what is likely to be a pretty compressed schedule.

For the information of members, questions for the record should be submitted by the close of business on May 15.

This hearing is adjourned.

CQ Transcriptions, May 12, 2009

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LOUIS JEROME HANSEN, DEPUTY ASSISTANT SECRETARY OF THE ARMY,  
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BRIGADIER GENERAL HOWARD THOMPSON (USAF), DEPUTY TO THE  
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